

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-15 NSC-10 MC-02

RSR-01 /088 W

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P R 091800Z JUL 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 8043

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE BRUSSELS 3817

E.O. 11652: N/A

TAGS: ETRN, ETRD, BE

SUBJ: CONTROVERSY OVER PURCHASE OF SABENA AIRCRAFT

REF: STATE 109684

1. DECISION ON CHOICE BETWEEN BOEING 737 AND FRENCH MERCURE HAS BECOME INCREASINGLY HEATED SUBJECT DURING PAST COUPLE OF WEEKS. IN LATEST MOVE, BELGIAN CABINET DEFERRED DECISION FOR FURTHER CONSIDERATION BY A RESTRICTED CABINET COMMITTEE WHICH WILL MEET JULY 11.

2. SABENA CLEARLY WISHES TO BUY THE BOEING 737. COMPANY POINTS OUT THAT FRENCH MERCURE WOULD COST ALMOST HALF AGAIN MORE THAN THE 737. IN ADDITION, MERCURE WILL BE UNABLE TO FLY AS FAR AS ATHENS FROM BRUSSELS WITHOUT REFUELING STOP. SABENA ALSO POINTS OUT THAT DECISION AS TO WHICH PLANE WILL BE PURCHASED SHOULD BE ONE FOR THE OPERATING COMPANY TO MAKE. COMPANY REPRESENTATIVES STRESS THAT BELGIAN GOVERNMENT ROLE IS LIMITED TO GUARANTEEING CREDITS ASSOCIATED WITH PURCHASE. SABENA'S GREATEST CONCERN, HOWEVER, IS THAT ADDITIONAL COST OVER THE LONG TERM WILL BE INCURRED BY THE COMPANY WHICH IS ALREADY IN FINANCIAL DIFFICULTY, IF MERCURE WERE TO BE PURCHASED. MANAGING DIRECTOR HAS SUGGESTED TO US THAT SABENA MIGHT REFUSE TO BE FORCED TO MERCURE PURCHASE.

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3. CARROT OFFERED BY FRENCH DASSAULT IS ATTRACTIVE "ECONOMIC COMPENSATION" PACKAGE BOTH TO BELGIAN AIRCRAFT COMPANY SABCA AND TO COMPANIES IN THE LIEGE REGION. THIS HAS LED TO SUPPORT OF MERCURE BY SOCIALIST FRANCOPHONE GOVERNMENT MEMBERS.

4. BOEING IS ALSO WORKING UP A PACKAGE THAT INCLUDES BUSINESS FOR THE LIEGE AREA. BOEING REPRESENTATIVES ARE IN BRUSSELS AND HAVE AN APPOINTMENT WITH THE MINISTER OF TRANSPORT ON JULY 10; AT THEIR REQUEST, WE ARE ALSO SEEKING AN APPOINTMENT WITH THE MINISTER OF ECONOMICS, WHO HAS AN IMPORTANT VOICE BECAUSE OF THE ECONOMIC COMPENSATION QUESTION. COMPANY REPRESENTATIVES ANXIOUS TO GET IN THEIR OAR BEFORE THE WEDNESDAY MEETING OF THE INTERMINISTERIAL COMMISSION (HEADED BY MINISTER OF DEFENSE VANDEN BOEYNANTS).

5. WE SHALL, OF COURSE, DO EVERYTHING WE CAN TO ASSIST BOEING IN ITS EFFORTS, INCLUDING APPROACH BY AMBASSADOR TO VANDEN BOEYNANTS, POINTING TO GREAT DISAPPOINTMENT IF GOB CHOSE TO TURN DOWN BOEING IN SPITE OF PRICE AND OTHER ADVANTAGES; AND STRESSING THAT SUCH ACTION WOULD BE INCONSISTENT WITH EUROPEAN INSISTENCE THAT U.S. RESTORE ITS PAYMENTS BALANCE. STRAUZ-HUPE

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